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ATTACHMENT A

Proposed Electricity Sector Greenhouse Gas Reporting and Tracking Protocol

1. Definitions and Covered Entities

1.1 Definitions

1.1.1 Asset-controlling Entity

“Asset-controlling entities” are entities that operate power plants or serve as exclusive marketers for certain power plants even though they do not own them.

1.1.2 Asset-owning Entity

An “asset-owning entity” is an entity that owns power plants. Asset-owning entities may include, but are not limited to, independent power producers, qualifying facilities (QFs), investor-owned utilities (IOUs), publicly owned utilities (POUs), state agencies, federal agencies, and community choice aggregators (CCAs).

1.1.3 Emission Factor

An “emission factor” is a ratio that reflects the level of emissions of a specified pollutant per unit of specified activity, e.g., pounds of carbon dioxide (CO₂) equivalent emissions emitted per megawatt-hour of electricity produced.

1.1.4 Exchange Agreement

An “exchange agreement” is an agreement, between electricity market participants that provides for an exchange of energy for energy. Exchange transactions do not involve transfers of payment or receipts of money for the full market value of the energy being exchanged, but may include payment for net differences due to market price difference between the two parts of the transaction or to settle minor imbalances.

1.1.5 Marketer

A “marketer” is an entity that buys and/or sells power but does not serve any end users.

1.1.6 Null Power

“Null power” is any electricity produced by a renewable electricity facility from which a renewable energy certificate has been unbundled and sold separately.

1.1.7 Point of Delivery

A “point of delivery” is a point on an electric system where a power supplier delivers electricity to the receiver of that energy. This point could include an interconnection with another system or a substation where the transmission provider’s transmission and distribution systems are connected to another system. The last point of delivery is the location where the electricity sinks

1.1.8 Point of Receipt

A “point of receipt” is a point on an electric system where an entity receives electricity from a supplier. This point could include an interconnection with another system or generator busbar. For a power purchase or sale, the point of receipt is the location where the electricity enters the transmission grid.

1.1.9 Pacific Northwest

The Pacific Northwest region includes Washington, Oregon, Idaho, Montana, and British Columbia.

1.1.10 Power Plant

A “power plant” or “plant” is a facility for the generation of electricity which may be comprised of one generating unit, or more than one generating unit if (a) the units are at the same location, (b) each unit utilizes the same resource (fuel), and (c) all units are operationally dependent on each other¹.

1.1.11 Retail Provider

“Retail provider” means an entity that provides electricity to end users in California. Thus, “retail provider” includes electrical corporations (including IOUs, multi-jurisdictional utilities, and electric cooperatives), POUs (including municipalities, municipal utility districts, public utility districts, irrigation districts, and joint power authorities), electric service providers (ESPs), CCAs, and the Western Area Power Administration (WAPA).

¹ This definition differs slightly from the definition of a power plant in Public Utilities Commission Decision (D.) 07-01-039 (the Emission Performance Standard decision) and in the Emissions Performance Standard regulations adopted by the Energy Commission on May 23, 2007.

1.1.12 Qualifying Facility

A cogeneration or small power production facility that meets certain ownership, operating, and efficiency criteria established by the Federal Energy Regulatory commission pursuant to the Public Utility Regulatory Policies Act.

1.1.13 Southwest

The Southwest region includes Arizona, Nevada, Utah, Colorado, and western New Mexico.

1.1.14 Specified Sources

“Specified sources” are power plants whose electrical generation can be tracked due to full or partial ownership by the reporting entity, or due to its identification in a power purchase contract with the generator or marketer selling the power.

1.1.15 Unspecified Sources

“Unspecified sources” refers to the origin of purchases of electricity that cannot be tracked to a particular power plant. Most purchases from entities that own fleets of power plants such as independent power producers, utilities, and federal power agencies, and most purchases from marketers and brokers are purchases from unspecified sources.

1.2 Covered Entities

This Electricity Sector Greenhouse Gas Reporting and Tracking Protocol (Protocol) applies to every retail provider in California. Since WAPA sells a small amount of power to end users in California, it is a retail provider and, thus, is required to report under this Protocol. The California Department of Water Resources (DWR), and any other state agencies that generate or procure power, are required to report, using the Retail Provider Reporting Protocol, the power that they generate or procure to serve their own loads. Additionally, the Protocol applies to all marketers that import power into or export power from California, meaning any marketer having possession of imported electricity at the first point of delivery in California or, for exported power, having possession of electricity at the last point of delivery in California prior to its export to another state.

The reporting requirements for retail providers are contained in Section 3 of this Protocol, and the reporting requirements for marketers are contained in Section 4 of this Protocol. Section 5 describes the process by which asset-owning or controlling retail providers or marketers may propose supplier-specific emission factors for their sales from unspecified sources.

In addition to any requirements imposed by this Protocol, power plants are required to report emissions using the source-based protocol (California Code of Regulations, Title 17, Subchapter 10, Article 1, sections 95100 to 95132).

2. Categories of Sources

For purposes of reporting greenhouse gas (GHG) emissions, the sources of power used to meet retail load can be broken down into two types: specified sources and unspecified sources, as defined above. Further subcategories of these two types are described below.

2.1 Specified Sources

Specified sources include, but may not be limited to, the following sources of power:

- Power plants that the reporting entity owns or partially owns as an equity partner.
- Federally-managed hydroelectric facilities, to the extent their power is allocated to a reporting entity.
- Qualifying facilities certified by the Federal Energy Regulatory Commission (FERC).
- Other cogeneration or combined heat and power facilities.
- Renewable sources that are tracked in Western Region Electricity Generation Information System (WREGIS).
- Other power plants that are identified in a power purchase contract with the generator or marketer selling the power.

Purchases made pursuant to a power purchase agreement from substantially identical collocated power plants with a single interconnection may be treated as a purchase from a specified source for the purpose of this Protocol.

2.2 Unspecified Sources

Power from unspecified sources includes, but may not be limited to, power from the following sources:

- Marketers that purchase or generate power from a variety of power plants or other electricity suppliers, and then resell the power to retail providers or other markets.
- The California Independent System Operator (CAISO), which runs a real-time balancing market for participating retail providers to adjust to short-term fluctuations in load. Beginning in 2008, the CAISO will launch the Integrated Forward Market (IFM), which will be a fully functional market where sellers and retail providers may bid loads and sources.
- Retail providers may also sell power on an unspecified basis.

3. Retail Provider Reporting Protocol

For each calendar year, retail providers shall comply with the reporting requirements in Subsections 3.1, 3.3, 3.5, 3.8, 3.10, and 3.12 . The other subsections in Section 3 describe how the California Air Resources Board (ARB) attributes GHG emissions to each retail provider.

3.1 Net Generation from Each Owned Power Plant

For each wholly-owned power plant, provide the plant name and ARB plant identification code.

For each partially-owned power plant that reports under ARB's source-based reporting program, provide the plant name and identification code, the proportional ownership share of the reporting entity, the quantity of net generation received by the reporting entity including transmission losses.

For receipts of electricity from power plants not reporting under ARB's source-based reporting system, provide the plant name and ARB identification code, the percentage ownership share of the reporting entity, the quantity of electricity generated by the power plant, the quantity of electricity received by the reporting entity, including transmission losses.

For each power plant, indicate whether the plant is used exclusively to serve native load. One of the following three conditions must be met in order for a reporting entity to report a plant as exclusively serving native load:

1. The plant is a California-eligible renewable resource and, prior to the reporting date, the reporting entity has retired the WREGIS certificates associated with the power received from the facility during the reporting year.
2. The plant is a low-cost, must-run resource, such as a hydro generation facility, that the reporting entity takes on an as-available basis.
3. The plant is a baseload plant running at a capacity factor of 60 percent or greater. If a plant is reported as serving native load on this basis, all owned or partially-owned facilities running at the same or greater capacity factor shall also be reported as serving native load.

For each plant reported as serving native load, the reporting entity shall indicate which of the three conditions is met.

3.2 Calculation of Emissions from Owned Power Plants

For wholly-owned and partially-owned power plants that report under ARB's source-based reporting system, ARB retrieves the emissions for all GHGs and the generation data transmitted to ARB under the source-based reporting system.

For power plants not reporting under ARB's source-based reporting system, ARB calculates emission factors using data from finalized reports under 40 CFR Part 75 or plant-level fuel consumption data from the Energy Information Administration if Part 75 data are not available.

ARB attributes emissions to the reporting entity based on its proportional ownership share (not the amount of electricity received).

In determining emissions related to sales from unspecified sources (see Section 3.11), ARB excludes generation from plants used to serve native load from the calculation of resources deemed to be available for wholesale sales.

3.3 Purchases and Exchanges from Specified Sources

For power purchased from each specified source that reports under ARB's source-based reporting program, or received from such a specified source under exchange agreements; provide the ARB plant identification code and the quantity of electricity purchased, including associated transmission losses.

For power purchased from each specified source not reporting under ARB's source-based reporting system, provide the plant name and identification code, and the quantity of electricity purchased, including associated transmission losses.

For each purchase from a renewable resource, indicate whether the power is null power.

If substitute energy accounts for more than 15 percent of the energy received under a plant-specific purchase agreement, report only deliveries from the specified source in this section. Report the substitute energy in the appropriate category in Section 3.5.

For each purchase indicate whether one or more of the following conditions are met:

1. The purchase is made through a purchase agreement that was in effect prior to January 1, 2008 and either is still in effect or has been renewed without interruption.
2. The purchase is made through a purchase agreement from a power plant that became operational on or after January 1, 2008. .

3.4 Calculation of Emissions for Purchases and Exchanges from Specified Sources

For each purchase from a specified source that reports under ARB's source-based reporting program and meets one or more of the conditions specified in Section 3.3, ARB attributes emissions from these plants proportionately based on the share of net generation purchased.

For all other purchases from a specified source that meets one or more of the conditions specified in Section 3.3, ARB calculates emission factors using data from finalized reports under 40 CFR Part 75 or plant-level fuel consumption data from the Energy Information

Administration if Part 75 data are not available, and attributes emissions based on the calculated emission factors and net generation purchased.

For each purchase from a specified source that does not meet one or more of the conditions specified in Section 3.3, ARB attributes emissions based on the net generation purchased and the default emission factor for the region in which the specified source is located, calculated as described in Section 3.6.

ARB attributes emissions for any purchase of null power based on the default emission factor of the region in which the null power was generated.

3.5 Purchases and Exchanges from Unspecified Sources

List all bilateral purchases of power and power received as part of an exchange agreement from unspecified sources, as measured at the first California point of delivery at which the reporting entity took possession of the power, aggregated by counterparty. For each counterparty, list the quantity of electricity received, including associated transmission losses, separately for each of the three resource regions defined in this Protocol (Northwest, Southwest, and California). If there are any electricity purchases for which the region of origin cannot be determined, report these quantities as from “unknown region.” Receipt of power attributed to the Northwest or Southwest region must be verifiable via North American Electric Reliability Corporation (NERC) E-Tags. Separately, report the quantity of electricity purchased from the CAISO real-time market and any power purchased in the CAISO’s Integrated Forward Market that is not under contract with specified counterparties.

3.6 Calculation of Emissions for Purchases and Exchanges from Unspecified Sources

For counterparties for which ARB has certified supplier-based emission factors (developed pursuant to Section 3.9 for retail providers and Section 4.3 for marketers), ARB multiplies the quantity of purchases and exchanges from each supplier, including transmission losses, by the certified emission factor.

For other purchases and exchanges, ARB sums the quantities of purchases and exchanges by region and multiplies the total by the default regional emission factor.

ARB calculates default emission factors, and accounts for transmission losses.

ARB attributes emissions to purchases reported as originating from an unknown region using the highest of the three regional default emission factors.

3.7 Total CO₂e Emissions from Owned Facilities and Purchases

ARB sums the total metric tons of emissions from owned power plants, purchases from specified sources, and purchases from unspecified sources as described in the above sections. ARB then converts the GHG emissions to CO₂ equivalents and calculates the total.

3.8 Sales and Exchanges from Specified Sources

Report the sum of sales and deliveries of power under exchange agreements from each power plant owned or operated by the reporting entity, identified by the plant identification code, and reported separately for each counterparty and destination region (California, Northwest, and Southwest). For each power plant that is owned but not operated by the reporting entity, report the portion of any sales made by the plant operator based on the reporting entity's ownership share of the power plant. Report quantities of power sold or exchanged as measured at the busbar where power enters the grid. If busbar data are not available for certain sales, report it as a sale from an unspecified source.

If sales and exchanges from an owned power plant amount to more than ten percent of the reporting entity's proportional ownership-based share of the total net generation of the power plant, the reporting entity shall provide documentation establishing why the power was sold. The reporting entity shall indicate whether either of the following conditions is met, with supporting documentation:

1. The power could not be delivered to the reporting entity during the hours in which it was sold.
2. The reporting entity did not need the power during the hours in which it was sold because it had surplus power from its owned power plants and the specified plant was the marginal plant during the hours in which the power was sold.

3.9 Adjustments to Total Emissions for Sales and Exchanges from Specified Sources to Counterparties within California

ARB adjusts the total emissions described in Section 3.7 for emissions attributed to sales from specified sources to counterparties within California.

To adjust total emissions for sales and exchanges from specified sources, ARB uses the emission rates of each plant either reported under the source-based reporting system or as calculated by ARB (see Section 3.2). However, if the reported sales and exchanges from an owned power plant amount to more than 10 percent of the reporting entity's proportional ownership share and if the purchase does not meet one or both of the conditions specified in Section 3.8, ARB attributes emissions to that power using the average emission factor of power available for sales from unspecified sources (calculated as described in Section 3.11).

ARB attributes emissions by multiplying each plant's sales and exchanges from specified sources to counterparties within California by the relevant emission factor. ARB then deducts the total emissions attributed to sales and exchanges from specified sources to counterparties within California from the totals described in Section 3.7.

3.10 Sales and Exchanges from Unspecified Sources

Report aggregated sales and power deliveries under exchange agreements from unspecified sources, reported separately for each counterparty and each destination region (California,

Northwest, and Southwest). Report quantities as measured at the busbar. If busbar data are not available for certain sales, report the quantity as measured at the first point of receipt at which possession of the power was taken. In other words, these values shall not include any transmission losses that occur between the seller's point of receipt and purchaser's point of delivery.

3.11 Adjustments to Total Emissions for Sales and Exchanges from Unspecified Sources to Counterparties within California

ARB adjusts the total emissions described in Section 3.7 for emissions attributed to sales from unspecified sources to counterparties within California.

To obtain the quantity of power available for sales from unspecified sources, ARB deducts from the total amount of electricity from owned facilities and purchased quantities of power (including transmission losses) from the following sources:

1. Sources reported as serving native load, as described in Section 3.1.
2. Sales and exchanges from specified sources, as described in Section 3.8.

To obtain the amount of emissions associated with power available for sales from unspecified sources, ARB deducts from the total emissions from owned facilities and purchases, as described in Section 3.7, all emissions attributed to the sources in the itemized list above.

The average emission factor of power available for sales from unspecified sources is the ratio of the emissions from power available for sales from unspecified sources to the quantity of power available for sales from unspecified sources.

To adjust the total GHG emissions for sales from unspecified sources to counterparties within California, ARB multiplies the quantity of electricity sold from unspecified sources to counterparties within California, as measured at the generator busbar or reporting entity's point of receipt, by the average emission factors available for sales from unspecified sources. These quantities are deducted from the total emissions as described in Section 3.7 and adjusted as described in Section 3.9.

3.12 Reporting Requirements for Multi-jurisdictional Utilities and WAPA

Multi-jurisdictional utilities shall report the information required in Subsections 3.1, 3.3, 3.5, 3.8, and 3.10 for their operations that serve California and any contiguous service territories. They shall report California retail sales, in gigawatt-hours, and total retail sales in California and any contiguous territories.

WAPA shall report the information required in Subsections 3.1, 3.3, 3.5, 3.8, and 3.10 for its entire operations. WAPA shall also report California retail sales, in gigawatt-hours, and total retail sales.

3.13 Calculation of Emissions for Multi-jurisdictional Utilities and WAPA

For each multi-jurisdictional utility, ARB will determine emissions associated with the utility's entire operations, and will attribute a pro-rata share of those emissions, based on the ratio of California retail sales to total retail sales, to the California operations of the multi-jurisdictional utility.

For WAPA, ARB will determine emissions associated with WAPA's entire operations, and will attribute a pro-rata share of those emissions, based on the ratio of WAPA's sales to end users in California to total retail sales, to its California operations.

3.14 Requests for Exemptions

On a case-by-case basis, a reporting entity may request that ARB modify its determination of emissions to be attributed to the reporting entity based on the methodology set forth in Section 3. Such a request for exemption shall document why the reporting entity believes that the methodology in Section 3 does not recognize real reductions in GHG emissions that have been achieved due to the reporting entity's actions, and shall contain a proposed alternative determination of attributable emissions, with complete supporting documentation.

3.15 Sample Reporting Form²

Columns	1	2	3	4	5	6	7	8	9
Data Rows	Section 1	Retail Load and Losses							
1	Total Retail Load								
2	Total Load-Related Losses								
	Section 2	Owned Facilities							
	Plant Name	Plant Code	Net Gen	Power received	Losses	Proportional Ownership Share	Used Exclusively to Serve Native Load?	Qualifying Reason for Native Load	
3									
4									
	Section 3	Specified Purchases							
	Plant Name	Plant Code	Power received	Losses	Purchased Through Agreement Effective Prior to 1/1/08?	Purchase Through Agreement with Power Plant Oper. After 12/31/07	Purchase Through New Agreement with Plant Oper. Before 1/1/08		
5									
6									
	Section 4	Unspecified Purchases	CAISO Market(s)						
	Market(s)	Power received	Losses						

² Note that this sample form is for illustrative purposes only. It does not reflect all of the steps that may be necessary for reporting under this protocol.

7	Real-Time Market								
8	CAISO Day-Ahead Market								
9	CAISO Integrated Forward Market								
	Section 5	Unspecified Purchases	Supplier Factor						
	Supplier Name	Total Purchases at POD	Trans Losses	Purchases from NW, including losses	Purchases from SW, including losses	Purchases from CA, including losses	Purchases from Unknown Region, at POD	Estimated losses associated with unknown region	
10									
	Section 5	Unspecified Purchases	No Supplier Factor						
	Supplier Name	Total Purchases at POD	Trans Losses	Purchases from NW, including losses	Purchases from SW, including losses	Purchases from CA, including losses	Purchases from Undetermined Region		
11									
	Section 6	Specified Sales							
	Purchasing Entity	Plant Name	Plant Code	MWh sold to Northwest	MWh sold to Southwest	MWh sold in-state (California)	Sales Made by Plant Operator (Y/N)?	Proportional Ownership Share of Net Gen	
12									
	Section 7	Unspecified Sales							

	Purchasing Entity	MWh sold to Northwest	MWh sold to Southwest	MWh sold in-state (California)					
13									
	Section 7	Claimed Resources							
	Sum MWh, for plants claimed to serve native load in Section 2								
14									

4. Marketer Reporting Protocol

4.1 Imports

Report all imported of electricity with a final point of delivery in California that your firm had possession of at the first point of delivery inside California, summed separately for each counterparty supplying the power. For each counterparty, report the imported power separately for specified sources by the ARB plant identification code and for unspecified sources. Report unspecified sources summed by region of origin. The quantities of electricity shall be reported as measured at the first California point of delivery. Report transmission losses separately for each combination of counterparty and source.

Report any electricity wheeled through California that terminates in a location outside of California, as measured at the first California point of delivery. Report these receipts separately for each counterparty supplying the power. For each counterparty, report the wheeled-through power separately by region of origin (Northwest or Southwest), and by each specified source or on a combined basis for unspecified sources. The quantities of electricity shall be reported as measured at the Point of Delivery. Report transmission losses separately for each combination of counterparty and region. These transactions must be verifiable via NERC E-tags.

4.2 Exports

Report all exports of electricity that your firm had possession of at the last point of delivery inside California, reported separately for each counterparty supplying the power. For each counterparty, report the exported power separately by each specified source and on a combined basis for unspecified sources, and by region of destination (Northwest or Southwest). The quantities of electricity shall be reported as measured at the last California point of delivery.

5. Supplier-based Emission Factors

Asset-owning or controlling entities may request that ARB develop and apply a supplier-specific emission factor for their sales from unspecified sources. An entity making such a request shall document that the power it sells originates from a fleet of plants either under its operational control or for which it serves as exclusive marketer and shall document the derivation of its proposed supplier-specific emission factor.

6. Submission Process

6.1 State Agency Responsibilities for Receiving and Maintaining Data

ARB is the lead agency for tracking and monitoring all emissions data relevant to implementation of Assembly Bill 32, so it is the primary recipient of reports. Reporting entities shall also provide simultaneous copies of submissions to the Public Utilities

Commission and the Energy Commission, which will support ARB, as necessary, in verifying the data.

6.2 Frequency

Retail providers and marketers shall provide annual GHG emission reports, due to ARB as required by ARB reporting deadlines.

6.3 Verification

ARB has proposed using third-party certification and is developing a training and certification program for third party auditors.

(END OF ATTACHMENT A)